

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA

-V-

MIKHAIL ZEMLYANSKY,

a/k/a "Mike Zemlyn,"

a/k/a "Mike Z,"

a/k/a "Zem," and

MICHAEL DANILOVICH,

a/k/a "Mike Daniels,"

a/k/a "Fat Mike,"

a/k/a "Mike D,"

a/k/a "Slim,"

Defendants.

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SUPERSEDING INDICTMENT

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S18 12 Cr. 171 (JPO)

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USDC SDNY
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COUNT ONE

(Racketeering Conspiracy)

The Grand Jury charges:

The Enterprise

1. At all times relevant to this Indictment, MIKHAIL ZEMLYANSKY, a/k/a "Mike Zemlyn," a/k/a "Mike Z," a/k/a "Zem," and MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendants, and others known and unknown, were members and associates of an organized criminal enterprise led by ZEMLYANSKY and DANILOVICH (the "Zemlyansky/Danilovich Organization"). The Zemlyansky/Danilovich Organization engaged in crimes including

securities fraud, mail fraud, money laundering, and the operation of an illegal gambling business.

2. The Zemlyansky/Danilovich Organization, including its leadership, membership, and associates, constituted an "enterprise," as that term is defined in Title 18, United States Code, Section 1961(4) -- that is, a group of individuals associated in fact. This enterprise was engaged in, and its activities affected, interstate and foreign commerce. The Zemlyansky/Danilovich Organization was an enterprise centered in New York City, including in the Southern District of New York. The Zemlyansky/Danilovich Organization constituted an ongoing organization whose members functioned as a continuing unit for a common purpose of achieving the objectives of the enterprise.

The Securities Fraud Scheme

3. From at least in or about 2007 until in or about February 2009, the Zemlyansky/Danilovich Organization, along with others, operated a fraudulent securities firm called Lyons, Ward & Associates ("Lyons Ward"). Lyons Ward falsely represented itself to investors to be a settlement claim funding business that bought annuities and other claims for up-front payments that were less than the total value of future payments to be made on the annuities and claims. In fact, Lyons Ward purchased no annuities or claims. Rather, the firm used new investors' money to make payments to older investors, while the

bulk of the investors' money was diverted into overseas bank accounts.

The No-Fault Insurance Fraud Scheme

4. From in or about 2007 until on or about February 29, 2012, the Zemlyansky/Danilovich Organization defrauded insurance companies by making false and fraudulent claims under New York State's no-fault automobile insurance law (the "No-Fault Law"). At all times relevant to this Indictment, the No-Fault Law required every vehicle registered in New York State to have no-fault automobile insurance, which enabled the driver and passengers of a vehicle registered and insured in New York State to obtain benefits of up to \$50,000 per person for injuries sustained in an automobile accident, regardless of fault. The Organization created medical clinics (the "No-Fault Clinics") that purported to specialize in treating vehicle occupants involved in accidents (the "Patients"). The No-Fault Clinics were, in fact, medical fraud mills that routinely billed automobile insurance companies under the No-Fault Law for medical treatments that were either (i) never provided, (ii) unnecessary or excessive because the Patients did not medically need the treatments; and/or (iii) billed for more serious treatments than the Patients received. The bills were further fraudulent because they falsely represented to insurance companies that the No-Fault Clinics were owned by licensed

medical professionals, when the clinics were in fact owned and operated by the members and associates of the Zemlyansky/Danilovich Organization, none of whom were licensed medical professionals.

Money Laundering

5. In order to maintain and promote the operation of the securities fraud and no-fault schemes described above and to conceal the proceeds of those schemes, the Zemlyansky/Danilovich Organization laundered the proceeds of those schemes in the following ways, among others:

a. The Zemlyansky/Danilovich Organization paid fees to check cashers to cash checks issued by insurance companies or other medical professional corporations, which allowed the members and associates of the Organization to obtain the proceeds of the scheme without depositing the checks in a bank account, which would have created a paper trail.

b. The Zemlyansky/Danilovich Organization caused the No-Fault Clinics to issue checks to shell companies controlled by the Organization. The Organization then used the shell company accounts to pay for various personal expenses, including, among other things, watches, jewelry and luxury goods.

c. The Zemlyansky/Danilovich Organization made payments from the Lyons Ward bank account to victims to make it appear that Lyons Ward was distributing interest payments.

d. The Zemlyansky/Danilovich Organization transferred proceeds of the Lyons Ward securities fraud to overseas bank accounts.

Gambling

6. In or about 2009, the Zemlyansky/Danilovich organization operated high stakes poker games in Brooklyn. The Organization charged fees, or "rakes," to players for participating in the game and employed dealers, waitresses and massage therapists to provide services to the players during the game.

The Defendants

7. MIKHAIL ZEMLYANSKY, a/k/a "Mike Zemlyn," a/k/a "Mike Z," a/k/a "Zem," the defendant, was a member and associate of the enterprise, the Zemlyansky/Danilovich Organization. ZEMLYANSKY was, at various times relevant to this Indictment, the co-leader of the Organization. In that capacity, ZEMLYANSKY participated in the operation and management of the enterprise, participated in unlawful and other activities in furtherance of the conduct of the enterprise's affairs, and profited from the enterprise's affairs.

8. MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendant, was a member and associate of the enterprise, the Zemlyansky/Danilovich Organization. DANILOVICH was, at various times relevant to this Indictment, the co-leader of the Organization. In that capacity, DANILOVICH participated in the operation and management of the enterprise, participated in unlawful and other activities in furtherance of the conduct of the enterprise's affairs, and profited from the enterprise's affairs.

Purposes of the Racketeering Enterprise

9. The purposes of the enterprise included:

- a. Enriching the leaders, members and associates of the Zemlyansky/Danilovich Organization through criminal activities; and
- b. Promoting, protecting and concealing the proceeds of the enterprise's illegal activities through money laundering.

The Racketeering Conspiracy

10. From at least in or about 2007, up through and including on or about February 29, 2012, in the Southern District of New York and elsewhere, MIKHAIL ZEMLYANSKY, a/k/a "Mike Zemlyn," a/k/a "Mike Z," a/k/a "Zem," and MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike

D," a/k/a "Slim," the defendants, and others known and unknown, being persons employed by and associated with the racketeering enterprise described in Paragraphs 1 through 9 above, namely, the Zemlyansky/Danilovich Organization, which enterprise was engaged in, and the activities of which affected, interstate and foreign commerce, willfully and knowingly combined, conspired, confederated, and agreed together and with each other to violate Title 18, United States Code, Section 1962(c), to wit, to conduct and participate, directly and indirectly, in the conduct of the affairs of that enterprise through a pattern of racketeering activity, as that term is defined in Title 18, United States Code, Sections 1961(1) and 1961(5), and as set forth below in paragraph 11.

The Pattern of Racketeering

11. The pattern of racketeering activity, as defined in Title 18, United States Code, Sections 1961(1) and 1961(5), through which MIKHAIL ZEMLYANSKY, a/k/a "Mike Zemlyn," a/k/a "Mike Z," a/k/a "Zem," and MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendants, and their co-conspirators agreed to conduct and participate in the conduct of the affairs of the enterprise consisted of multiple acts indictable under the following statutes:

a. Multiple acts indictable under the following provisions of federal law:

i. Title 18, United States Code, Section 1341 (mail fraud);

ii. Title 18, United States Code, Section 1343 (wire fraud)

iii. Title 18, United States Code, Sections 1956 and 1957 (money laundering); and

iv. Title 18, United States Code, Section 1955 (operating illegal gambling business);

b. Offenses involving fraud in the sale of securities, that is, violations of Title 15, United States Code, Sections 78j(b) & 78ff; and

c. Operating an illegal gambling business, in violation of New York State Penal Law, Sections 225.10 and 20.00.

12. It was a further part of the conspiracy that each defendant agreed that a conspirator would commit at least two acts of racketeering activity in the conduct of the affairs of the enterprise.

(Title 18, United States Code, Section 1962(d).)

COUNT TWO
(Securities Fraud Conspiracy – Lyons Ward Scheme)

The Grand Jury further charges:

13. From at least in or about 2007 up to and including in or about February 2009, in the Southern District of New York and elsewhere, MIKHAIL ZEMLYANSKY, a/k/a "Mike Zemlyn," a/k/a "Mike Z," a/k/a "Zem," and MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendants, and others known and unknown, willfully and knowingly did combine, conspire, confederate and agree together and with each other to commit offenses against the United States, to wit, to commit securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff.

14. It was a part and an object of the conspiracy that MIKHAIL ZEMLYANSKY, a/k/a "Mike Zemlyn," a/k/a "Mike Z," a/k/a "Zem," and MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendants, and others known and unknown, willfully and knowingly, directly and indirectly, by the use of the means and instrumentalities of interstate commerce, the mails, and the facilities of national securities exchanges, would and did use and employ manipulative and deceptive devices and contrivances in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by: (a) employing devices, schemes, and artifices to defraud; (b) making

untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which operated and would operate as a fraud and deceit upon a person, in connection with the purchase and sale of securities, all in violation of Title 15, United States Code, Sections 78j(b) and 78ff.

Overt Acts

15. In furtherance of the conspiracy and to effect the illegal object thereof, the following overt acts, among others, were committed in the Southern District of New York and elsewhere:

a. In or about 2007, MIKHAIL ZEMLYANSKY, a/k/a "Mike Zemlyn," a/k/a "Mike Z," a/k/a "Zem," the defendant, asked a cooperating witness ("CW-1") for assistance in addressing concerns raised by a victim who had given money to Lyons Ward.

b. In or about 2007, MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendant, obtained advice from CW-1 about transferring money from retirement accounts into Lyons Ward's bank account.

c. In or about 2008, MIKHAIL ZEMLYANSKY, a/k/a "Mike Zemlyn," a/k/a "Mike Z," a/k/a "Zem," the defendant,

operated the Lyons Ward scheme out of office space rented in New York, New York.

(Title 18, United States Code, Section 371.)

COUNT THREE
(Securities Fraud – Lyons Ward Scheme)

The Grand Jury further charges:

16. From at least in or about 2007 up to and including in or about February 2009, in the Southern District of New York and elsewhere, MIKHAIL ZEMLYANSKY, a/k/a "Mike Zemlyn," a/k/a "Mike Z," a/k/a "Zem," and MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendants, willfully and knowingly, directly and indirectly, by the use of the means and instrumentalities of interstate commerce and of the mails, did use and employ manipulative and deceptive devices and contrivances in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by (a) employing devices, schemes, and artifices to defraud; (b) making untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, and (c) engaging in acts, practices, and courses of business which operated and would operate as a fraud and deceit upon persons in connection with the purchase and sale of securities, to wit, as part of a scheme to defraud investors

through Lyons Ward, ZEMLYANSKY, DANILOVICH, and others solicited individuals to invest in the Lyons Ward scheme through false representations and fraudulent documents.

(Title 15, United States Code, Sections 78j(b) & 78ff; Title 17, Code of Federal Regulations, Section 240.10b-5, and Title 18, United States Code, Section 2.)

COUNT FOUR

(Mail and Wire Fraud Conspiracy – Lyons Ward Scheme)

The Grand Jury further charges:

17. From at least in or about 2007, up through and including in or about February 2009, in the Southern District of New York and elsewhere, MIKHAIL ZEMLYANSKY, a/k/a "Mike Zemlyn," a/k/a "Mike Z," a/k/a "Zem," and MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendants, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other, to violate Title 18, United States Code, Sections 1341 and 1343.

18. It was a part and an object of the conspiracy that MIKHAIL ZEMLYANSKY, a/k/a "Mike Zemlyn," a/k/a "Mike Z," a/k/a "Zem," and MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendants, and others known and unknown, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false

and fraudulent pretenses, representations and promises, for the purpose of executing such scheme and artifice and attempting so to do, would and did place in a post office and authorized depository for mail matter, a matter and thing to be sent and delivered by the Postal Service, and would and did deposit and cause to be deposited a matter and thing to be sent and delivered by a private and commercial interstate carrier, and would and did take and receive therefrom, such matter and thing, and would and did cause to be delivered by mail and such carrier according to the direction thereon, and at the place at which it was directed to be delivered by the person to whom it was addressed, a matter and thing, in violation of Title 18, United States Code, Section 1341.

19. It was further a part and an object of the conspiracy that MIKHAIL ZEMLYANSKY, a/k/a "Mike Zemlyn," a/k/a "Mike Z," a/k/a "Zem," and MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendants, and others known and unknown, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, for the purpose of executing such scheme and artifice and attempting so to do, would and did transmit and cause to be transmitted by means of wire communication in interstate and

foreign commerce writings, signs, signals, pictures, and sounds, in violation of Title 18, United States Code, Section 1343.

Overt Acts

20. In furtherance of the conspiracy and to effect the illegal objects thereof, the following overt acts, among others, were committed in the Southern District of New York and elsewhere:

a. In or about 2007, MIKHAIL ZEMLYANSKY, a/k/a "Mike Zemlyn," a/k/a "Mike Z," a/k/a "Zem," the defendant, asked a cooperating witness ("CW-1") for assistance in addressing concerns raised by a victim who had given money to Lyons Ward.

b. In or about 2007, MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendant, obtained advice from CW-1 about transferring money from retirement accounts into Lyons Ward's bank account.

c. In or about 2008, MIKHAIL ZEMLYANSKY, a/k/a "Mike Zemlyn," a/k/a "Mike Z," a/k/a "Zem," the defendant, operated the Lyons Ward scheme out of office space rented in New York, New York.

d. In or about July 2008, a co-conspirator not named as a defendant herein called a victim located in Delaware from New York State to solicit an investment in Lyons Ward.

e. On or about January 14, 2009, a co-conspirator not named as a defendant herein caused a Federal

Express package to be sent from New York, New York to a victim located in Vermont.

(Title 18, United States Code, Section 1349.)

COUNT FIVE
(Mail Fraud — Lyons Ward Scheme)

The Grand Jury further charges:

21. From in or about 2007, up through and including in or about February 2009, in the Southern District of New York and elsewhere, MIKHAIL ZEMLYANSKY, a/k/a "Mike Zemlyn," a/k/a "Mike Z," a/k/a "Zem," and MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendants, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, for the purpose of executing such scheme and artifice and attempting so to do, knowingly and willfully placed in a post office and authorized depository for mail matter, a matter and thing to be sent and delivered by the Postal Service, and deposited and caused to be deposited a matter and thing to be sent and delivered by a private and commercial interstate carrier, and took and received therefrom, such matter and thing, and caused to be delivered by mail and such carrier according to the direction thereon, and at the place at which it was directed to be delivered by the person to whom it was addressed, a matter

and thing, to wit, ZEMLYANSKY and DANILOVICH used the United States mail and Federal Express to send promotional materials to Lyons Ward victims located outside New York State and to receive contracts and payments back from Lyons Ward victims located outside New York State.

(Title 18, United States Code, Sections 1341 and 2.)

COUNT SIX
(Wire Fraud – Lyons Ward Scheme)

The Grand Jury further charges:

22. From in or about 2007, up through and including in or about February 2009, in the Southern District of New York and elsewhere, MIKHAIL ZEMLYANSKY, a/k/a "Mike Zemlyn," a/k/a "Mike Z," a/k/a "Zem," and MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendants, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, for the purpose of executing such scheme and artifice and attempting so to do, transmitted and caused to be transmitted by means of wire communication in interstate and foreign commerce writings, signs, signals, pictures, and sounds, to wit, ZEMLYANSKY and

DANILOVICH used telephones and emails to communicate with Lyons Ward victims located outside New York State.

(Title 18, United States Code, Sections 1343, 1349 and 2.)

COUNT SEVEN

(Health Care Fraud Conspiracy – No-Fault Scheme)

The Grand Jury further charges:

23. From at least in or about 2007, up through and including on or about February 29, 2012, in the Southern District of New York and elsewhere, MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendant, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to violate Title 18, United States Code, Section 1347.

24. It was part and an object of the conspiracy that MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendant, and others known and unknown, willfully and knowingly, would and did execute and attempt to execute a scheme and artifice to defraud a health care benefit program, and to obtain, by means of false and fraudulent pretenses, representations, and promises, money and property owned by, and under the custody and control of a health care benefit program in connection with the delivery of and

payment for health care benefits, items and services, in violation of Title 18, United States Code, Section 1347.

(Title 18, United States Code, Section 1349.)

COUNT EIGHT

(Health Care Fraud – No-Fault Scheme)

The Grand Jury further charges:

25. From at least 2007, up through and including on or about February 29, 2012, in the Southern District of New York and elsewhere, MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendant, knowingly and willfully executed and attempted to execute a scheme and artifice to defraud a health care benefit program, and to obtain, by means of false and fraudulent pretenses, representations, and promises, money and property owned by, and under the custody and control of a health care benefit program in connection with the delivery of and payment for health care benefits, items and services, to wit, DANILOVICH fraudulently incorporated medical clinics that billed automobile insurance companies for reimbursement of unnecessary and excessive medical treatments under the No-Fault Law.

(Title 18, United States Code, Sections 1347 and 2.)

COUNT NINE

(Mail Fraud Conspiracy – No-Fault Scheme)

The Grand Jury further charges:

26. From at least in or about 2007, up through and including on or about February 29, 2012, in the Southern District of New York and elsewhere, MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendant, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other, to violate Title 18, United States Code, Section 1341.

27. It was part and an object of the conspiracy that MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendant, and others known and unknown, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, for the purpose of executing such scheme and artifice and attempting so to do, would and did place in a post office and authorized depository for mail matter, a matter and thing to be sent and delivered by the Postal Service, and would and did take and receive therefrom, such matter and thing, and would and did cause to be delivered by mail according to the direction thereon, and at the

place at which it was directed to be delivered by the person to whom it was addressed, a matter or thing, in violation of Title 18, United States Code, Section 1341.

(Title 18, United States Code, Section 1349.)

COUNT TEN
(Mail Fraud – No-Fault Scheme)

The Grand Jury further charges:

28. From in or about 2007, up through and including on or about February 29, 2012, in the Southern District of New York and elsewhere, MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendant, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, for the purpose of executing such scheme and artifice and attempting so to do, knowingly and willfully placed in a post office and authorized depository for mail matter, a matter and thing to be sent and delivered by the Postal Service, and took and received therefrom, such matter and thing, and caused to be delivered by mail according to the direction thereon, and at the place at which it was directed to be delivered by the person to whom it was addressed, a matter or thing, to wit, DANILOVICH fraudulently incorporated medical clinics that billed automobile insurance companies through the mails for reimbursement of

unnecessary and excessive medical treatments under the No-Fault Law.

(Title 18, United States Code, Sections 1341 and 2.)

COUNT ELEVEN

(Money Laundering Conspiracy — No-Fault Scheme)

The Grand Jury further charges:

29. From in or about 2007, up through and including on or about February 29, 2012, in the Southern District of New York and elsewhere MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendant, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to violate Title 18, United States Code, Sections 1956 and 1957.

30. It was a part and an object of the conspiracy that MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendant, and others known and unknown, knowing that the property involved in a financial transaction represented the proceeds of unlawful activity, would and did conduct and attempt to conduct financial transactions which in fact involved the proceeds of specified unlawful activity, to wit, health care fraud, mail fraud and conspiracy to commit health care fraud and mail fraud, in violation of Title 18, United States Code, Sections 1341, 1347 and 1349,

knowing that the transactions were designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of these proceeds of specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i).

31. It was further a part and an object of the conspiracy that MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendant, and others known and unknown, in an offense involving and affecting interstate and foreign commerce and taking place in the United States, knowingly and willfully would and did engage in and attempt to engage in monetary transactions, as that term is defined in Title 18, United States Code, Section 1957(f)(1), in criminally derived property that was of a value greater than \$10,000, including the payment by check of funds in excess of \$10,000 from bank accounts that received no-fault insurance funds to other bank accounts controlled by the defendant and personal expenses of the defendant, such property having been derived from a specified unlawful activity, to wit, proceeds from health care fraud and mail fraud and conspiracy to commit health care fraud and mail fraud, in violation of Title 18, United States Code, Sections 1341, 1347 and 1349, all in violation of Title 18, United States Code, Section 1957(a).

(Title 18, United States Code, Section 1956(h).)

COUNT TWELVE
(Money Laundering – No-Fault Scheme)

The Grand Jury further charges:

32. From in or about 2007, up through and including on or about February 29, 2012, in the Southern District of New York and elsewhere, MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendant, knowing that the property involved in a financial transaction represented the proceeds of unlawful activity, knowingly and willfully conducted and attempted to conduct financial transactions which in fact involved the proceeds of specified unlawful activity, to wit, health care fraud, mail fraud and conspiracy to commit health care fraud and mail fraud, in violation of Title 18, United States Code, Sections 1341, 1347 and 1349, knowing that the transactions were designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of these proceeds of specified unlawful activity, to wit, DANILOVICH cashed checks that were proceeds of the scheme to defraud automobile insurance companies under the No-Fault Law through check cashers; transferred proceeds of the scheme through shell companies; and received proceeds of the scheme to defraud automobile insurance companies through payments disguised as "rent" checks.

(Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2.)

COUNT THIRTEEN
(Money Laundering – No-Fault Scheme)

The Grand Jury further charges:

33. From in or about 2007, up through and including on or about February 29, 2012, in the Southern District of New York and elsewhere, MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendant, in an offense involving and affecting interstate and foreign commerce and taking place in the United States, knowingly and willfully engaged in and attempted to engage in monetary transactions, as that term is defined in Title 18, United States Code, Section 1957(f)(1), in criminally derived property that was of a value greater than \$10,000, to wit, the payment by check of funds in excess of \$10,000 from bank accounts that received no-fault insurance funds to other bank accounts controlled by the defendant and other personal expenses by the defendant, such property having been derived from a specified unlawful activity, to wit, proceeds from health care fraud and mail fraud and conspiracy to commit health care fraud and mail fraud, in violation of Title 18, United States Code, Sections 1341, 1347 and 1349.

(Title 18, United States Code, Sections 1957(a) and 2).

Forfeiture Allegation As to Count One
(Racketeering Conspiracy)

34. As a result of committing the racketeering offense alleged in Count One of this Indictment, MIKHAIL ZEMLYANSKY, a/k/a "Mike Zemlyn," a/k/a "Mike Z," a/k/a "Zem," and MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendants, shall forfeit, pursuant to Title 18, United States Code, Section 1963:

a. all interests acquired and maintained in violation of Title 18, United States Code, Section 1962;

b. all interests in, securities of, claims against, and property and contractual rights of any kind affording a source of influence over, the enterprise named and described herein which the defendants established, operated, controlled, conducted, and participated in the conduct of, in violation of Title 18, United States Code, Section 1962; and

c. all property constituting and derived from proceeds obtained, directly and indirectly, from racketeering activity in violation of Title 18, United States Code, Section 1962.

35. The property subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 1963, includes, but is not limited to, at least \$110 million, which represents the total of the interests acquired and the gross

proceeds obtained through the violation of Title 18, United States Code, Section 1962.

Substitute Asset Provision

36. Pursuant to Title 18, United States Code, Section 1963(m), MIKHAIL ZEMLYANSKY, a/k/a "Mike Zemlyn," a/k/a "Mike Z," a/k/a "Zem," and MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendants, shall forfeit substitute property up to the value of the property described in the previous paragraph if that property, as a result of any act or omission of the defendants:

- a. cannot be located upon the exercise of due diligence;
 - b. has been transferred or sold to, or deposited with, a third party;
 - c. has been placed beyond the jurisdiction of this Court;
 - d. has been substantially diminished in value;
- or
- e. has been commingled with other property which cannot be divided without difficulty;

it is the intention of the United States, pursuant to Title 18, United States Code, Section 1963(m) to seek forfeiture of any other property of the said defendants up to the value of the forfeitable property.

37. The above-named defendants are jointly and severally liable for the forfeiture allegations alleged above.

(All in accordance with Title 18, United States Code,
Section 1963.)

Forfeiture Allegation as to Counts Two and Three
(Securities Fraud)

38. As the result of committing the securities fraud offenses alleged in Counts Two and Three of this Indictment, in violation of Title 15, United States Code, Sections 78j(b) & 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5, MIKHAIL ZEMLYANSKY, a/k/a "Mike Zemlyn," a/k/a "Mike Z," a/k/a "Zem," and MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendants, shall forfeit to the United States pursuant to 18 U.S.C. § 981(a)(1)(c) and 28 U.S.C. § 2461, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the securities fraud offenses.

Substitute Asset Provision

39. If any of the above-described forfeitable property, as a result of any act or omission of the defendants:

a. cannot be located upon the exercise of due diligence;

b. has been transferred or sold to, or deposited with, a third party;

c. has been placed beyond the jurisdiction of the court;

d. has been substantially diminished in value;
or

e. has been commingled with other property which cannot be subdivided without difficulty;
it is the intention of the United States, pursuant to Title 18, United States Code, Section 982(b)(1), and Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the said defendants up to the value of the forfeitable property.

(Title 18, United States Code, Section 981, and Title 21, United States Code, Section 853.)

Forfeiture Allegation As to Counts Four, Five and Six
(Mail Fraud and Wire Fraud)

40. As a result of committing the mail and wire fraud offenses charged in Counts Four, Five, and Six, of this Indictment, MIKHAIL ZEMLYANSKY, a/k/a "Mike Zemlyn," a/k/a "Mike Z," a/k/a "Zem," and MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendants, pursuant to Title 18, United States Code, Section 982(a)(2), shall forfeit all property constituting, or derived from, proceeds ZEMLYANSKY and DANILOVICH obtained directly or indirectly, as the result of the offenses charged in Counts Four, Five and Six.

Substitute Asset Provision

41. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value;

or

- e. has been commingled with other property which cannot be subdivided without difficulty;

it is the intention of the United States, pursuant to Title 18, United States Code, Section 982(b)(1), and Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the said defendant up to the value of the forfeitable property.

(Title 18, United States Code, Section 982, and Title 21, United States Code, Section 853.)

Forfeiture Allegation As to Counts Seven and Eight
(Health Care Fraud)

42. As a result of committing the health care fraud offenses charged in Counts Four and Five of this Indictment, MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike,"

a/k/a "Mike D," a/k/a "Slim," the defendant, pursuant to Title 18, United States Code, Section 982(a)(7), shall forfeit all property, real and personal, that constitutes or is derived, directly and indirectly, from gross proceeds traceable to the commission of the offenses charged in Counts Four and Five, including but not limited to at least \$110 million in United States currency, in that such sum in aggregate is property representing the amount of proceeds obtained as a result of the health care fraud offenses.

Substitute Asset Provision

43. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
 - b. has been transferred or sold to, or deposited with, a third party;
 - c. has been placed beyond the jurisdiction of the court;
 - d. has been substantially diminished in value;
- or

e. has been commingled with other property which cannot be subdivided without difficulty;

it is the intention of the United States, pursuant to Title 18, United States Code, Section 982(b)(1), and Title 21, United

States Code, Section 853(p), to seek forfeiture of any other property of the said defendant up to the value of the forfeitable property.

(Title 18, United States Code, Section 982, and Title 21, United States Code, Section 853.)

Forfeiture Allegation As to Counts Nine and Ten
(Mail Fraud)

44. As a result of committing the mail fraud offenses charged in Counts Nine and Ten of this Indictment, MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendant, pursuant to Title 18, United States Code, Section 982(a)(2), shall forfeit all property constituting, or derived from, proceeds DANILOVICH obtained directly or indirectly, as the result of the offenses charged in Counts Nine and Ten, including but not limited to at least \$110 million in United States currency, in that such sum in aggregate is property representing the amount of proceeds obtained as a result of the mail fraud offenses.

Substitute Asset Provision

45. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;

c. has been placed beyond the jurisdiction of the court;

d. has been substantially diminished in value; or

e. has been commingled with other property which cannot be subdivided without difficulty; it is the intention of the United States, pursuant to Title 18, United States Code, Section 982(b)(1), and Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the said defendant up to the value of the forfeitable property.

(Title 18, United States Code, Section 982, and Title 21, United States Code, Section 853.)

Forfeiture Allegation As to Counts Eleven, Twelve and Thirteen
(Money Laundering)

46. As a result of committing the money laundering offenses charged in Counts Eleven, Twelve and Thirteen of this Indictment, MICHAEL DANILOVICH, a/k/a "Mike Daniels," a/k/a "Fat Mike," a/k/a "Mike D," a/k/a "Slim," the defendant, pursuant to Title 18, United States Code, Section 982(a)(1), shall forfeit all property, real and personal, involved in the offenses charged in Counts Eleven, Twelve and Thirteen, and any property traceable to such property.

Substitute Asset Provision

47. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

a. cannot be located upon the exercise of due diligence;

b. has been transferred or sold to, or deposited with, a third party;

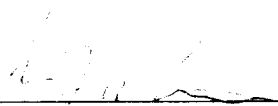
c. has been placed beyond the jurisdiction of the court;

d. has been substantially diminished in value;
or

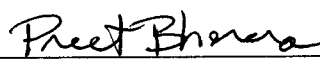
e. has been commingled with other property which cannot be subdivided without difficulty;

it is the intention of the United States, pursuant to Title 18, United States Code, Section 982(b)(1), and Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the said defendant up to the value of the forfeitable property.

(Title 18, United States Code, Section 982, and Title 21, United States Code, Section 853.)



FOREPERSON



PREET BHARARA
United States Attorney

Form No. USA-33s-274 (Ed. 9-25-58)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

- v. -

MIKHAIL ZEMLYANSKY,
a/k/a "Mike Zemlyn,"
a/k/a "Mike Z,"
a/k/a "Zem," and
MICHAEL DANILOVICH,
a/k/a "Mike Daniels,"
a/k/a "Fat Mike,"
a/k/a "Mike D,"
a/k/a "Slim,"

Defendants.

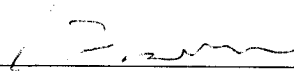
SUPERSEDING INDICTMENT

S18 12 Cr. 171 (JPO)

(18 U.S.C. §§ 371, 981, 1341, 1343, 1349,
1956, 1957, 1962(d), 1963; 15 U.S.C.
§§ 78j(b) and 78ff; 21 U.S.C. § 853.)

Preet Bharara
United States Attorney.

A TRUE BILL


Foreperson.

1/28/14 Fid. Superseding Indictment.

Pitman, USMJ

